

AMENDED IN ASSEMBLY JUNE 8, 1999

AMENDED IN ASSEMBLY MAY 19, 1999

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

## ASSEMBLY BILL

**No. 650**

**Introduced by Assembly Member Wright**

February 23, 1999

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An act to amend ~~Sections 382 and 2790 of, and to add Section 327 to, the Public Utilities Code, relating~~ Section 381 of, and to add Section 381.5 to, the Public Utilities Code, relating to public utilities.

### LEGISLATIVE COUNSEL'S DIGEST

AB 650, as amended, R. Wright. ~~Low-income electric and gas customers~~ *Electrical restructuring: programs: funding.*

(1) *The Public Utilities Act requires specified electrical corporations to allow customers to make voluntary contributions through their utility bill payments as either a fixed amount or a variable amount to support programs established for the in-state operation and development of existing and new and emerging renewable resource technologies, as described. The act requires the Public Utilities Commission to order certain electrical corporations to collect and spend funds for, among other purposes, cost-effective energy efficiency and conservation activities, in accordance with a prescribed schedule.*

*This bill would require those specified electrical corporations to also allow customers to make those voluntary*

contributions described above to support programs established for cost-effective energy efficiency and conservation activities. The bill would require the commission to allocate the funds collected to support those programs in accordance with administration and expenditure criteria, upon the establishment of those criteria by the Legislature. The bill would require the commission to order certain electrical corporations, on and after January 1, 2002, to collect a specified fee to support cost-effective energy efficiency and conservation activities. Because a violation of the act or an order of the commission is a crime, this bill would impose state-mandated local programs by creating new crimes.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

~~(1) Existing law requires the Public Utilities Commission to establish a program of assistance to low-income electric and gas customers, which is referred to as the California Alternate Rates for Energy or CARE program.~~

~~This bill would require the electric and gas corporations that participate in the CARE program to administer low-income energy efficiency and rate assistance programs as described. The bill would require the administrators of the program to undertake certain functions and would allow the commission to require these participating corporations to competitively bid, to the extent practical, service delivery components of these programs. The bill would require the bidding criteria to recognize specified factors, subject to commission modification. The bill would make conforming changes.~~

~~(2) Existing law requires the commission to require an electric or gas corporation to perform home weatherization services, as defined, for low-income customers, as determined by the commission.~~

~~This bill would revise the definition of “weatherization.”~~

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: ~~no~~ yes.

*The people of the State of California do enact as follows:*

~~SECTION 1. Section 327 is added to the Public~~

*SECTION 1. Section 381 of the Public Utilities Code is amended to read:*

381. (a) To ensure that the funding for the programs described in subdivision (b) and Section 382 ~~are~~ is not commingled with other revenues, the commission shall require each electrical corporation to identify a separate rate component to collect the revenues used to fund these programs. The rate component shall be a nonbypassable element of the local distribution service and collected on the basis of usage. ~~This~~ *On or before January 1, 2002, this* rate component shall fall within the rate levels identified in subdivision (a) of Section 368.

(b) The commission shall allocate funds collected pursuant to subdivision (a), and any interest earned on collected funds, to programs which enhance system reliability and provide in-state benefits as follows:

(1) Cost-effective energy efficiency and conservation activities.

(2) Public interest research and development not adequately provided by competitive and regulated markets.

(3) In-state operation and development of existing and new and emerging renewable resource technologies defined as electricity produced from other than a conventional power source within the meaning of Section 2805, provided that a power source utilizing more than 25 percent fossil fuel may not be included.

(c) The Public Utilities Commission shall order the respective electrical corporations to collect and spend these funds, as follows:

(1) Cost-effective energy efficiency and conservation activities shall be funded at not less than the following levels commencing January 1, 1998, through December 31, 2001: for San Diego Gas and Electric Company a level of thirty-two million dollars (\$32,000,000) per year; for Southern California Edison Company a level of ninety million dollars (\$90,000,000) for each of the years 1998,

1 1999, and 2000; fifty million dollars (\$50,000,000) for the  
2 year 2001; and for Pacific Gas and Electric Company a  
3 level of one hundred six million dollars (\$106,000,000) per  
4 year. *The commission shall order the respective electrical*  
5 *corporations, on and after January 1, 2002, to collect a*  
6 *surcharge of 1.5 mills (\$0.0015) per kilowatt hour to*  
7 *support cost-effective energy efficiency and conservation*  
8 *activities.*

9 (2) Research, development, and demonstration  
10 programs to advance science or technology that are not  
11 adequately provided by competitive and regulated  
12 markets shall be funded at not less than the following  
13 levels commencing January 1, 1998 through December  
14 31, 2001: for San Diego Gas and Electric Company a level  
15 of four million dollars (\$4,000,000) per year; for Southern  
16 California Edison Company a level of twenty-eight  
17 million five hundred thousand dollars (\$28,500,000) per  
18 year; and for Pacific Gas and Electric Company a level of  
19 thirty million dollars (\$30,000,000) per year.

20 (3) In-state operation and development of existing  
21 and new and emerging renewable resource technologies  
22 shall be funded at not less than the following levels on a  
23 statewide basis: one hundred nine million five hundred  
24 thousand dollars (\$109,500,000) per year for each of the  
25 years 1998, 1999, and 2000, and one hundred thirty-six  
26 million five hundred thousand dollars (\$136,500,000) for  
27 the year 2001. To accomplish these funding levels over  
28 the period described herein the San Diego Gas and  
29 Electric Company shall spend twelve million dollars  
30 (\$12,000,000) per year, the Southern California Edison  
31 Company shall expend no less than forty-nine million five  
32 hundred thousand dollars (\$49,500,000) for the years  
33 1998, 1999, and 2000, and no less than seventy-six million  
34 five hundred thousand dollars (\$76,500,000) for the year  
35 2001, and the Pacific Gas and Electric Company shall  
36 expend no less than forty-eight million dollars  
37 (\$48,000,000) per year through the year 2001. Additional  
38 funding not to exceed seventy-five million dollars  
39 (\$75,000,000) shall be allocated from moneys collected  
40 pursuant to subdivision (d) in order to provide a level of

1 funding totaling five hundred forty million dollars  
2 (\$540,000,000).

3 (4) Up to fifty million dollars (\$50,000,000) of the  
4 amount collected pursuant to subdivision (d) may be  
5 used to resolve outstanding issues related to  
6 implementation of subdivision (a) of Section 374. Moneys  
7 remaining after fully funding the provisions of this  
8 paragraph shall be reallocated for purposes of paragraph  
9 (3).

10 (5) Up to ninety million dollars (\$90,000,000) of the  
11 amount collected pursuant to subdivision (d) may be  
12 used to resolve outstanding issues related to contractual  
13 arrangements in the Southern California Edison service  
14 territory stemming from the Biennial Resource Planning  
15 Update auction. Moneys remaining after fully funding  
16 the provisions of this paragraph shall be reallocated for  
17 purposes of paragraph (3).

18 (d) Notwithstanding any other provisions of this  
19 chapter, entities subject to the jurisdiction of the Public  
20 Utilities Commission shall extend the period for  
21 competition transition charge collection up to three  
22 months beyond its otherwise applicable termination of  
23 December 31, 2001, so as to ensure that the aggregate  
24 portion of the research, environmental, and low-income  
25 funds allocated to renewable resources shall equal five  
26 hundred forty million dollars (\$540,000,000) and that the  
27 costs specified in paragraphs (3), (4), and (5) of  
28 subdivision (c) are collected.

29 (e) Each electrical corporation shall allow customers  
30 to make voluntary contributions through their utility bill  
31 payments as either a fixed amount or a variable amount  
32 to support programs established pursuant to ~~paragraph~~  
33 *paragraphs 1 and* (3) of subdivision (b). Funds collected  
34 by electrical corporations for these purposes shall be  
35 forwarded in a timely manner to the appropriate fund as  
36 specified by the commission.

37 (f) The commission shall *allocate the funds collected*  
38 *for the purposes of paragraph (1) of subdivision (b) in*  
39 *accordance with administration and expenditure criteria,*

1 upon the establishment of those criteria by the  
2 Legislature.

3 (g) The commission shall determine how to utilize  
4 funds for purposes of ~~paragraphs (1) and paragraph (2)~~  
5 of subdivision (b), provided that only those research and  
6 development funds for transmission and distribution  
7 functions shall remain with the regulated public utilities  
8 under the supervision of the commission. The  
9 commission shall provide for the transfer of all research  
10 and development funds collected for purposes of  
11 paragraph (2) of subdivision (b) other than those for  
12 transmission and distribution functions and funds  
13 collected for purposes of paragraph (3) of subdivision (b)  
14 to the California Energy Resources Conservation and  
15 Development Commission pursuant to administration  
16 and expenditure criteria to be established by the  
17 Legislature.

18 ~~(g)–~~

19 (h) The commission's authority to collect funds  
20 pursuant to this section for purposes of paragraph (3) of  
21 subdivision (b) shall become inoperative on March 31,  
22 2002.

23 ~~(h)–~~

24 (i) For purposes of this article, "emerging renewable  
25 technology" means a new renewable technology,  
26 including, but not limited to, photovoltaic technology,  
27 that is determined by the California Energy Resources  
28 Conservation and Development Commission to be  
29 emerging from research and development and that has  
30 significant commercial potential.

31 SEC. 2. Section 381.5 is added to the Public Utilities  
32 Code, to read:

33 381.5. It is the intent of the Legislature that both of the  
34 following requirements should be met:

35 (a) That funds identified in paragraph (1) of  
36 subdivision (c) of Section 381 be allocated equitably  
37 among classes and subclasses of electric customers in  
38 approximate proportion to the amounts each group pays  
39 to the surcharge fund.

(b) Notwithstanding subdivision (a), that special emphasis be placed on programs to reduce electricity bills of customer groups that have been historically underserved by energy efficiency or conservation programs operated by the investor-owned utilities, including small businesses, schools, owners and tenants of multifamily residential buildings, owners and tenants of mobile home parks, tribes, persons with limited English skills, and other customer groups identified as hard-to-reach. Funds for energy efficiency and conservation should also be used to stimulate the growth of a competitive industry providing cost-effective products and services and to improve the acquisition and use of energy-efficient appliances and equipment by consumers.

SEC. 3. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

~~Utilities Code, to read:~~

~~327. (a) The electric and gas corporations that participate in the California Alternative Rates for Energy program, as established pursuant to Section 739.1, shall administer low-income energy efficiency and rate assistance programs described in Sections 739.1, 739.2, and 2790. In administering these programs the electric and gas corporations, to the extent practical, shall do all of the following:~~

~~(1) Continue to leverage funds described in subdivision (a) with funds available from state and federal sources.~~

~~(2) Work with state and local agencies and with community-based organizations to ensure efficient and effective delivery of programs.~~



1     ~~(3) Encourage local employment and job skill~~  
2 ~~development.~~

3     ~~(4) Maximize the participation of eligible participants.~~

4     ~~(5) Work to reduce consumers electric and gas~~  
5 ~~consumption, and bills.~~

6     ~~(b) The commission may require the electric and gas~~  
7 ~~corporations described in subdivision (a) to~~  
8 ~~competitively bid, to the extent practical, service~~  
9 ~~delivery components of these programs. The bidding~~  
10 ~~criteria, at a minimum, shall recognize all of the following~~  
11 ~~factors:~~

12     ~~(1) The bidder's experience in delivering programs~~  
13 ~~and services, including, but not limited to,~~  
14 ~~weatherization, appliance repair and maintenance,~~  
15 ~~energy education, outreach and enrollment services, and~~  
16 ~~bill payment assistance programs to targeted~~  
17 ~~communities.~~

18     ~~(2) The bidder's knowledge of the targeted~~  
19 ~~communities.~~

20     ~~(3) The bidder's ability to reach targeted~~  
21 ~~communities.~~

22     ~~(4) The bidder's ability to utilize and employ people~~  
23 ~~from the local area.~~

24     ~~(5) The bidder's ability to provide local job training.~~

25     ~~(6) Other attributes that benefit local communities.~~

26     ~~(c) Notwithstanding subdivision (b), the commission~~  
27 ~~may modify its bid criteria based upon public input from~~  
28 ~~a variety of sources, including representatives from~~  
29 ~~low-income communities and the program~~  
30 ~~administrators identified in subdivision (b), in order to~~  
31 ~~ensure the effective and efficient delivery of high quality~~  
32 ~~low-income energy efficiency programs.~~

33     ~~SEC. 2. Section 382 of the Public Utilities Code is~~  
34 ~~amended to read:~~

35     ~~382. (a) Programs provided to low-income~~  
36 ~~electricity customers, including, but not limited to,~~  
37 ~~targeted energy-efficiency services and the California~~  
38 ~~Alternative Rates for Energy program shall be funded at~~  
39 ~~not less than 1996 authorized levels based on an~~  
40 ~~assessment of customer need. The commission shall~~



1 ~~allocate funds necessary to meet the low-income~~  
2 ~~objectives in this section.~~

3 ~~(b) The electric and gas corporations that participate~~  
4 ~~in the California Alternative Rates for Energy program~~  
5 ~~shall administer the programs described in subdivision~~  
6 ~~(a). In administering these programs, the electric and gas~~  
7 ~~corporations, to the extent practical, shall do all of the~~  
8 ~~following:~~

9 ~~(1) Continue to leverage funds described in~~  
10 ~~subdivision (a) with funds available from state and~~  
11 ~~federal sources.~~

12 ~~(2) Work with state and local agencies and with~~  
13 ~~community-based organizations to ensure efficient and~~  
14 ~~effective delivery programs.~~

15 ~~(3) Encourage local employment and job skill~~  
16 ~~development.~~

17 ~~(4) Maximize the participation of eligible participants.~~

18 ~~(5) Work to reduce consumers electric and gas~~  
19 ~~consumption, and bills.~~

20 ~~(c) The commission may require the electric and gas~~  
21 ~~corporations described in subdivision (b) to~~  
22 ~~competitively bid, to the extent practical, service~~  
23 ~~delivery components of these programs. The bidding~~  
24 ~~criteria, at a minimum, shall recognize all of the following~~  
25 ~~factors:~~

26 ~~(1) The bidder's experience in delivering programs~~  
27 ~~and services, including, but not limited to,~~  
28 ~~weatherization, appliance repair and maintenance,~~  
29 ~~energy education, outreach and enrollment services, and~~  
30 ~~bill payment assistance programs to targeted~~  
31 ~~communities.~~

32 ~~(2) The bidder's knowledge of the targeted~~  
33 ~~communities.~~

34 ~~(3) The bidder's ability to reach targeted~~  
35 ~~communities.~~

36 ~~(4) The bidder's ability to utilize and employ people~~  
37 ~~from the local area.~~

38 ~~(5) The bidder's ability to provide local job training.~~

39 ~~(6) Other attributes that benefit local communities.~~

~~(d) Notwithstanding subdivision (c), the commission may modify its bid criteria based upon public input from a variety of sources, including representatives from low-income communities and the program administrators identified in subdivision (b) in order to ensure the effective and efficient delivery of high quality low-income energy efficiency programs.~~

~~SEC. 3. Section 2790 of the Public Utilities Code is amended to read:~~

~~2790. (a) The commission shall require an electrical or gas corporation to perform home weatherization services for low-income customers, as determined by the commission under Section 739, if the commission determines that a significant need for those services exists in the corporation's service territory, taking into consideration both the cost effectiveness of the services and the policy of reducing the hardships facing low-income households.~~

~~(b) (1) For purposes of this section, "weatherization" may include, where feasible, any of the following measures for any dwelling unit:~~

~~(A) Attic insulation.~~

~~(B) Caulking.~~

~~(C) Weatherstripping.~~

~~(D) Low flow showerhead.~~

~~(E) Waterheater blanket.~~

~~(F) Door and building envelope repairs that reduce air infiltration.~~

~~(2) The commission shall direct any electrical or gas corporation to provide as many of these measures as are feasible for each eligible low-income dwelling unit.~~

~~(c) "Weatherization" may also include other building conservation measures, energy efficient appliances, and energy education programs determined by the commission to be feasible, taking into consideration for all measures both the cost effectiveness of the measures as a group and the policy of reducing the hardships facing low-income households.~~